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INTELLIGENCE MEMORANDUM

FOREIGN SHIPPING TO NORTH VIETNAM IN MAY 1966

MORI

DIRECTORATE OF INTELLIGENCE

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FOREWORD

The data in this memorandum are preliminary and subject to modification as additional information becomes available. Significant changes may occur in data on ship arrivals and cargoes from Communist China and, to a lesser extent, in data on cargoes carried by ships of the Free World. All data on cargoes carried are expressed in metric tons. Data on Soviet and Eastern European ship arrivals and cargoes and on Free World ship arrivals are not likely to be changed significantly. As required, changes will be reported in subsequent memoranda.

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SECRETFOREIGN SHIPPING TO NORTH VIETNAM IN MAY 1966*Summary

Foreign ship arrivals at North Vietnam in May dropped to 25, the lowest level on record (see Figure 1). Calls by Chinese Communist ships fell to less than half their previous levels, primarily because of a slowdown in coal shipments from bomb-damaged facilities at Cam Pha. Because of Free World shipping restrictions and the shortage of coal, Free World ship arrivals were at record low levels for the third consecutive month. Calls by Soviet and Eastern European ships were at relatively high levels, however, as shown in the following tabulation:

	<u>Monthly Averages</u>			
	<u>1966</u>		<u>1965</u>	<u>1st Quarter 1966</u>
	<u>April</u>	<u>May</u>		
Total	<u>31</u>	<u>25</u>	<u>44</u>	<u>40</u>
Communist	<u>24</u>	<u>19</u>	<u>23</u>	<u>28</u>
USSR	11	9	7	10
Eastern Europe	2	5	4	3
Communist China	11	5	12	14
Cuba	0	0	Negl.	Negl.
Free World	<u>7</u>	<u>6</u>	<u>21</u>	<u>12</u>
United Kingdom	4	4	11	10
Other	3	2	10	2

* This memorandum was produced by the Office of Research and Reports; the estimates and conclusions represent the best judgment of the Directorate of Intelligence as of 25 June 1966.

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A sustained high level of POL imports, renewed seaborne deliveries of Chinese coking coal, and a record low volume of exports highlighted North Vietnam's seaborne trade in May. Soviet ships delivered an unusually low volume of general cargo in May. All but 700 tons of the Soviet shipments were bulk commodities -- POL, fertilizer, and cotton. Only Chinese and Polish-flag ships, all of which were at least partly owned by Communist China, delivered transport vehicles to North Vietnam in May. No shipments of arms or ammunition were detected.

Deliveries of POL during the month reached 32,800 tons, making the total for April and May a record high of 67,100 tons. By comparison, POL deliveries in 1965 averaged 14,000 tons a month. There are indications that North Vietnam is having difficulties with the distribution of the large seaborne deliveries of POL.

Shipments of Chinese coking coal via the sea route amounted to 16,700 tons in May following a two-month lull. The diversion of these shipments from rail to sea may be attributable to difficulties resulting from US airstrikes against North Vietnam's main rail connection with China.

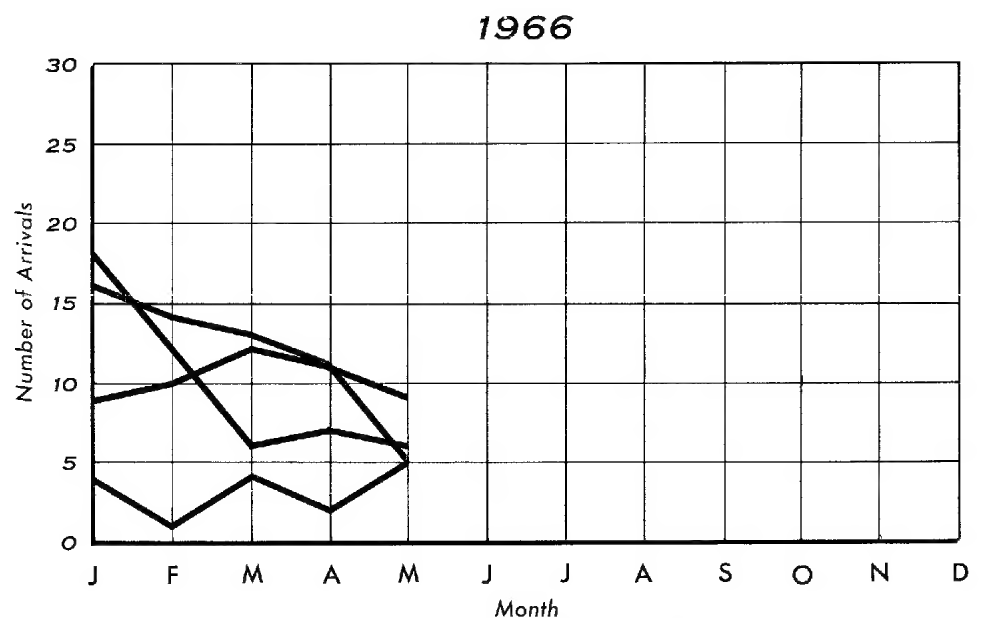
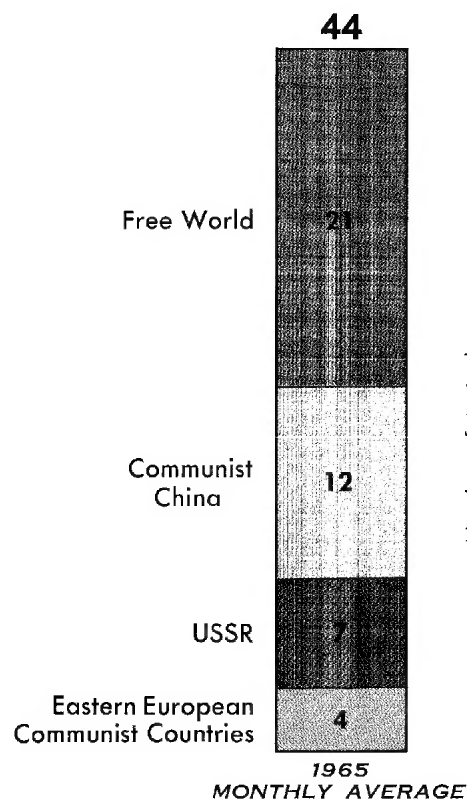
Seaborne exports of North Vietnam's anthracite dropped to 56,600 tons in May, more than 70,000 tons below the average monthly volume of the first quarter of this year, because of mid-April airstrikes against coal grading and transporting facilities at Cam Pha. Coal shipments to China in May were about 70,000 tons below first-quarter levels, although the other principal importers -- Japan and France -- received volumes approximating their first-quarter levels. North Vietnam's coal exports will continue to be retarded at least through June because of damage to facilities at Cam Pha.

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Figure 1

North Vietnam: Foreign Ship Arrivals* Monthly Average 1965 and January-May 1966



* Excluding one Cuban ship in January, 1966

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I. Communist Shipping

Five Chinese Communist ships called at North Vietnam in May, the lowest number since February 1965. Soviet and Polish ships arrived in somewhat above-normal numbers, however, making nine and five calls, respectively.

All five Chinese ships initially sailed to Haiphong, presumably to discharge cargoes. Four arrived from China, and the fifth, a former Polish ship now under the Chinese flag and chartered to Chipolbrok,* arrived from Poland with fertilizer and general cargoes from East Germany, Czechoslovakia, Rumania, Bulgaria, and Poland. The primary reason for the low number of Chinese ships calling at North Vietnam in May was the sharp reduction in coal shipments from Cam Pha. Only three Chinese ships loaded coal at North Vietnamese ports in May, compared with an average of eight per month in the first quarter of the year.

Five Soviet ships delivered cargoes to North Vietnam in May, and four others arrived in ballast to pick up export shipments. Three Leningrad-class tankers delivered 31,800 tons of POL from the Black Sea, and two Soviet dry cargo ships brought in cargoes from Japan and the USSR that consisted mainly of fertilizer. Three of the Soviet dry cargo ships were under charter to Vietfracht.**

Nine Soviet ships, including three empty tankers, sailed from North Vietnam in May. Three Soviet dry cargo ships loaded coal for Japan and France, and one picked up bananas for a Soviet Far Eastern port. Two other Soviet dry cargo ships departed in ballast for Singapore.

Two of the five Polish-flag ships that called at North Vietnam in May were owned by Chipolbrok and delivered general cargoes that included 152 trucks*** from Poland, Rumania, and Bulgaria. The other three Polish ships were in liner service for the Polish Ocean Lines

* The Chinese-Polish Shipping Company.

** North Vietnam's ship-chartering organization.

*** Except for a relatively small number of tractors and graders carried by a Soviet ship, only ships owned by or chartered to Chipolbrok delivered vehicles to North Vietnam in May. In addition to the 152 trucks carried by the two Chipolbrok ships, a Chinese-flag ship under charter to Chipolbrok delivered an undetermined number of ambulances.

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(PLO) -- two sailing the outbound section of their routes with general cargoes from both Eastern and Western Europe and one delivering 300 tons of general cargo from Japan on its homeward voyage.

The recent scheduling of two PLO ships to load Haiphong-bound cargo from Poland and Western Europe dispels earlier rumors that the PLO had decided to cancel further calls at North Vietnam because a PLO ship was damaged in an April airstrike on Cam Pha. All of the Polish-flag ships that called at North Vietnam in May had been en route there before the attack. Apparently as a result of the April incident, Polish marine insurers recently increased rates by 20 to 30 percent for coverage of cargoes bound for North Vietnam, but this increase is unlikely to have any significant effect on the volume of shipments.

II. Free World Shipping

The number of Free World ships arriving at North Vietnam in May remained at a record low level for the third consecutive month: six arrived in May, seven in April, and six in March. Among Free World ships, British-flag ships continued to predominate with four calls. Single calls were made by Greek and Cypriot ships.

Half of the Free World ships were chartered to Communist China and half to North Vietnam. The three ships under charter to Sino-fracht,* which arrived from China with coking coal, were British-flag ships owned by Hong Kong shipping companies. Two of the three Free World ships under charter to Vietfracht delivered timber and rubber from Cambodia and Singapore, and one arrived in ballast from Hong Kong. Free World ships carried 46 percent of North Vietnam's seaborne exports and 24 percent of seaborne imports in May.

Restrictions imposed by several Free World countries against calls at North Vietnam by ships under their flags were the principal factor retarding Free World shipping to North Vietnam in May, although the reduction in coal exports probably was also a factor. Informal British overtures in the past few weeks have brought about the withdrawal from trade with North Vietnam of several British ships, including a few owned by Hong Kong shipping companies. Cyprus may soon be added to the list of countries having legislation restricting sailings to North Vietnam, although proposed legislation has been delayed by strong minority opposition.

* Communist China's ship-chartering agency.

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The operations of Free World ships sailing to North Vietnam during the past 15 months frequently have been hampered by trouble with crews. A Cypriot crewman jumped ship in Japan in May, rather than sail again to North Vietnam. His ship had been about to enter Cam Pha when that port was bombed and strafed by US aircraft on 19 April. To reduce the possibility of the recurrence of such difficulties, the articles of agreement for crewmen signing on with a Free World ship recently chartered to Sinofracht commit crewmen to sail from Hong Kong to any port or ports within the limits of 75 degrees north and 60 degrees south in any sequence as may be required by the ship's master on ships carrying passengers or cargo of all kinds, including troops, ammunition, and implements of war, for a period not exceeding 12 months or the next return of the ship to Hong Kong within that period.

Although it is not clear whether this clause was added on the ship-owner's own initiative or at Sinofracht's insistence, there is no reason to believe the Chinese would require the assistance of Free World ships in moving military shipments to North Vietnam or that they would prefer to use Free World ships for this purpose.

III. Seaborne Cargoes

Cargoes detected aboard foreign merchant ships sailing to and from North Vietnam in May totaled only 152,100 tons. Seaborne exports dropped to 70,000 tons, 49 percent below the average volume of the first three months of this year, as coal shipments slumped to the lowest level recorded in the past two years. Import cargoes increased to 83,200 tons because of unusually large deliveries of Soviet POL and Chinese coking coal. No shipments of arms or ammunition were detected.

Damage inflicted by US airstrikes in mid-April to facilities for cleaning and transporting coal at Cam Pha resulted in only 56,600 tons of coal being shipped from that port in May, 70,000 tons below the average monthly volume of the first quarter of this year. Shortages of selected grades of coal developed at Cam Pha in May as existing graded stocks were drawn down without being replenished as a result of damage to the cleaning and grading plant. Power failures, apparently caused by airstrikes against targets in the vicinity of Cam Pha, interrupted loading operations from time to time. There are indications that the shipment of coal from Cam Pha will continue to be retarded at least through June.

Relatively little compensation can be made by increasing shipments from the other coal port, Hon Gay, which cannot accommodate large

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ships, because of a low draft limitation.* Shipments from Hon Gay in May were more than double the level of the first quarter but nevertheless amounted to only 19,900 tons.

The North Vietnamese apparently prefer to direct their exports of anthracite to hard-currency countries rather than to China, with whom they have only a barter arrangement. Comparisons of data for May with those for the first quarter of this year indicate that of the three major importers of North Vietnamese anthracite in these periods -- Communist China, Japan, and France -- only China received reduced shipments in May. Coal shipments from Cam Pha, as well as total seaborne coal exports to China, were both approximately 70,000 tons below the level of the first quarter of the year.

Other identified seaborne exports in May included 7,000 tons of cement, 5,900 tons of miscellaneous general cargoes and 500 tons of pig iron, the first shipments of that commodity detected on foreign ships since November 1965. Exports of cement on foreign ships in the first five months of this year totaled 43,200 tons -- approximately the same volume shipped in the corresponding period of 1965. No apatite has been shipped by sea since August 1965, but Vietfracht has been trying for at least two months to find a suitable carrier for 10,000 tons of apatite for North Korea.

Three Soviet tankers delivered 31,800 tons of POL from the Black Sea in May, and 1,000 tons of barreled POL arrived from Rumania on a Polish ship. Seaborne deliveries of POL in April and May totaled 67,100 tons, the largest volume recorded for any two-month period during the past two years. Hanoi had requested delivery during the second quarter of 40,000 tons a month from the USSR alone, however.

There are indications that Soviet tankers are delivering POL to North Vietnam in greater volumes than can readily be accommodated. The time required to discharge tankers has increased significantly as the rate of deliveries has been stepped up.** Strong evidence that the

* The largest cargo taken from Hon Gay by the eight ships that loaded there in May weighed 4,100 tons, whereas the largest cargo out of Cam Pha on any of the four ships loaded there in May weighed 11,400 tons.

** Soviet Leningrad-class tankers arrived at North Vietnam on an average of one every ten days in April and May, compared with one every 15 days in the first quarter of this year. Their average stay at North Vietnam was lengthened by 3.7 days to an average of 9.3 days in April and May.

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second and third Soviet tankers that arrived in May discharged at least a part of their cargoes directly into smaller craft* while anchored off Hon Gay (see Figures 2 and 3) may indicate problems in distributing POL from Haiphong or may represent a procedure for facilitating distribution of the POL southward on small craft. There are strong arguments in favor of each assumption.

The interruption of through traffic caused by airstrikes in April against the rail line connecting Haiphong with the interior undoubtedly caused some backing up of POL in storage facilities at Haiphong during the peak deliveries of April and May. The 72,000 tons of storage capacity in Haiphong may even have been overtaxed, causing a slow-down in the discharging of tanker cargoes. The direct discharge of at least parts of their cargoes by two of the Soviet tankers could have been carried out to relieve pressure on Haiphong. The only observation of such a transloading operation from a tanker was made in the same area in December, when POL deliveries approximated the level of April and May. Three additional Soviet tankers were scheduled to arrive at Haiphong in June, but one was diverted to Shanghai for discharge.

A tanker transloading operation may also have been carried out independently of any problems at Haiphong to avoid the double-handling entailed in discharging to a storage facility from which smaller craft would subsequently load. Unless the number of smaller craft on hand were sufficient to permit uninterrupted transloading operations, however, the time required to discharge the tankers completely would increase significantly. Increased demurrage fees on the tankers would quickly wipe out the lesser savings of the transloading operation. The absence of smaller craft capable of receiving POL alongside the tankers shown in Figure 2 indicates that transloading was in fact proceeding slowly and uneconomically, lending support to the assumption that the operation was being carried out primarily because of trouble at Haiphong.

Seaborne imports of coking coal from Communist China were resumed in May after a two-month hiatus. These imports amounted to 16,700 tons, compared with an average of 8,200 tons a month in the period November 1965 - February 1966. Chinese coking coal appeared only sporadically among seaborne imports in 1964, and not at all in

* Some of which are estimated to have a capacity of 300 tons.

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1965 until November. The timing of the seaborne shipments indicates that they probably have been diverted from the rail route because of airstrikes against North Vietnam's road and rail network.

Relative to 1965 averages, May imports of fertilizer and bulk foods were low, but imports of timber and miscellaneous general cargoes were high.

An unusually low volume of general cargo was delivered by Soviet ships in May. Bulk shipments of POL (31,800 tons), fertilizer (9,000 tons), and cotton (1,000 tons) accounted for all but 700 tons of the cargoes aboard Soviet ships. Small quantities of tractors and graders were the only vehicles delivered by Soviet ships in May.

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FIGURE 2. THE SOVIET TANKER ELBRUS ANCHORED ABOUT SEVEN MILES SOUTH OF HON GAY ON 25 MAY 1966, TWO DAYS PRIOR TO COMPLETION OF DISCHARGE OPERATIONS. THE SOVIET FREIGHTER CHELYABINSK IS WAITING FOR A BERTH AT HON GAY.



FIGURE 3. SIX LOADED POL BARGES PHOTOGRAPHED AT ANCHOR TWO DAYS LATER, ABOUT SEVEN MILES NORTHWEST OF THE POSITION OF THE ELBRUS IN THE PHOTOGRAPH ABOVE.

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Table 1

Foreign-Flag Ship Arrivals in North Vietnam a/
April, May, and Cumulative 1966

Flag	April		May		Cumulative 1966	
	Num- ber	Percent of Total	Num- ber	Percent of Total	Num- ber	Percent of Total
Total	<u>31</u>	<u>100.0</u>	<u>25</u>	<u>100.0</u>	<u>176</u>	<u>100.0</u>
Communist countries	<u>24</u>	<u>77.4</u>	<u>19</u>	<u>76.0</u>	<u>127</u>	<u>72.2</u>
USSR	11	35.5	9	36.0	51	29.0
Eastern Europe	2	6.5	5	20.0	16	9.1
Bulgaria	1	3.2	0	0	2	1.1
Poland	1	3.2	5	20.0	14	8.0
Communist China	11	35.5	5	20.0	59	33.5
Cuba	0	0	0	0	1	0.6
Free World	<u>7</u>	<u>22.6</u>	<u>6</u>	<u>24.0</u>	<u>49</u>	<u>27.8</u>
Cyprus	1	3.2	1	4.0	4	2.3
Greece	1	3.2	1	4.0	6	3.4
Italy	0	0	0	0	1	0.6
Malta	1	3.2	0	0	1	0.6
United Kingdom	4	12.9	4	16.0	37	21.0

a. Because of rounding, components may not add to the totals shown.

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Table 2

Tonnage of Foreign-Flag Ship Arrivals in North Vietnam ^{a/}
 April, May, and Cumulative 1966

Flag	April		May		Cumulative 1966	
	Number	Thousand Gross Register Tons	Number	Thousand Gross Register Tons	Number	Thousand Gross Register Tons
Total	<u>31</u>	<u>200.8</u>	<u>25</u>	<u>145.9</u>	<u>176</u>	<u>1,023.5</u>
Communist countries	<u>24</u>	<u>158.1</u>	<u>19</u>	<u>113.3</u>	<u>127</u>	<u>756.4</u>
USSR	11	86.6	9	61.4	51	362.2
Eastern Europe	2	16.7	5	34.3	16	119.3
Communist China	11	54.8	5	17.6	59	265.1
Cuba	0	0	0	0	1	9.7
Free World	<u>7</u>	<u>42.7</u>	<u>6</u>	<u>32.6</u>	<u>49</u>	<u>267.1</u>

a. Many Soviet and Eastern European ships calling at North Vietnamese ports pick up or discharge only small parts of their total cargoes in North Vietnam, and many of the Free World ships only pick up export cargoes. For this reason, with the possible exception of Chinese Communist ships, aggregate tonnage of ships calling is not closely correlative to actual volume of cargoes moving into and out of North Vietnam, but these data are of value as indications of relative changes in the volume of shipping. Because of rounding, components may not add to the totals shown.

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Table 3

North Vietnam: Identified Imports Carried by Foreign-Flag Ships a/
May 1966

Thousand Metric Tons							
Flag	Commodity						Total
	Ammonium Sulfate and Other Fertilizers	Petroleum	Grain and Other Foodstuffs	Coal <u>b/</u>	Timber	Miscellaneous	
Total	<u>10.0</u>	<u>32.8</u>	<u>3.6</u>	<u>16.7</u>	<u>2.3</u>	<u>17.8</u>	<u>83.2</u>
Communist countries	<u>10.0</u>	<u>32.8</u>	<u>3.2</u>	<u>0</u>	<u>0</u>	<u>17.2</u>	<u>63.2</u>
USSR	9.0	31.8	0	0	0	1.7	42.6
Eastern Europe	0	1.0	0	0	0	11.8	12.8
Communist China <u>c/</u>	1.0	0	3.2	0	0	3.6	7.8
Free World	<u>0</u>	<u>0</u>	<u>0.4</u>	<u>16.7</u>	<u>2.3</u>	<u>0.6</u>	<u>19.9</u>

a. Identified imports include some estimates of bulk cargoes, using methods which have proved to be highly reliable. Because of rounding, components may not add to the totals shown.

b. Coking coal from ports in North China carried on Free World ships.

c. An additional unknown quantity of imports may have been carried by Chinese Communist ships.

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Table 4

North Vietnam: Identified Exports Carried
by Foreign-Flag Ships a/
May 1966

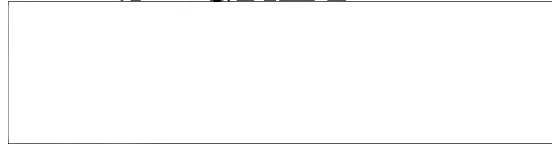
Thousand Metric Tons						
Flag	Commodity					Total
	Coal	Apatite	Cement	Pig Iron	Miscel- laneous	
Total	<u>56.6</u>	<u>0</u>	<u>7.0</u>	<u>0.5</u>	<u>5.9</u>	<u>70.0</u>
Communist countries	<u>34.6</u>	<u>0</u>	<u>0</u>	<u>0.1</u>	<u>3.4</u>	<u>38.1</u>
USSR	19.3	0	0	0	0.9	20.2
Eastern Europe	8.3	0	0	0	2.0	10.3
Communist China <u>b/</u>	7.0	0	0	0.1	0.4	7.6
Free World	<u>22.0</u>	<u>0</u>	<u>7.0</u>	<u>0.4</u>	<u>2.5</u>	<u>31.9</u>

a. Identified exports include some estimates of bulk cargoes, using methods which have proved to be highly reliable. Because of rounding, components may not add to the totals shown.

b. An additional unknown quantity of exports may have been carried by Chinese Communist ships.

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